

The LEC tracking and billing alternative was originally proposed by APCC in 1991, but was rejected by the Commission on the grounds that LECs should not be forced to participate in a system in which they had no particular economic interest. Since the LECs now will have an economic interest in ensuring fair compensation of their own payphones,²¹ this alternative should be reconsidered.

3. LECs Must Make Tracking Available to PSPs

Whether or not LECs are given responsibilities for billing compensation, they should be required to provide call tracking information to PSPs, for a reasonable and nondiscriminatory charge. Even if IXC's continue to have initial responsibility for tracking calls and preparing compensation statements, PSPs will require call tracking information, at a minimum, as a check on the accuracy of IXC statements. Apart from 800 numbers that are known to be carrier access codes, PSPs have no way of using their own SMDR to identify the carrier handling 800 calls placed from their payphones. Only the LEC has access to the 800 routing database information that can determine this. PSPs are therefore dependent on LECs for the information necessary to check the accuracy of their dial-around payments received from carriers handling 800 calls. Such information is even more important if, as some IXC's propose, PSPs themselves are required to be responsible for billing compensation in the first instance.

²¹ In addition, LECs will be required to pay compensation on coinless calls that they carry on their local and intraLATA networks

4. **The Commission Has Flexibility in Addressing
the Issue of Compensation for Completed Calls**

Numerous carriers raise issues concerning the compensation provision's directive to ensure compensation for "each and every completed call." The carriers discuss various implementation issues concerning how to avoid the collection of compensation on calls that are not "completed" to the ultimate party with whom the caller wishes to speak. For example, prepaid card service providers argue that, even though they are themselves unwilling to undertake the responsibilities associated with paying compensation, it would be improper to place those responsibilities on the IXCs providing 800 service, as APCC proposes, because those carriers would have no means of knowing whether calls reaching the prepaid service provider's platform were completed to the called party that the caller is seeking to reach.²²

This objection lacks merit. First, Section 276 does not require the Commission to view "completed call" from the caller's perspective. As Intellicall acknowledges, from a technical point of view in a prepaid card context there are two calls: one from the payphone to the prepaid service provider's platform, and one from the platform to the ultimate called party. As long as the first connection is completed, from the perspective of the PSP and the

²² If "completed call" is interpreted purely from the caller's perspective, a variety of additional arguments could erupt regarding when a call is "completed". Would a paging company argue that an 800 subscriber call is not "completed" to the paged party unless the paged party calls back? The arguments that calls must be "completed" from the caller's perspective are really arguments that the call must be "completed" from the perspective of the carrier whose platform is reached, i.e., the calls are not completed unless that carrier is able to generate revenue from the call.

800 service carrier, a call has been completed, whether or not the second connection is also completed.²³

The correct interpretation is that completion of the initial 800 service call to the prepaid card platform is a "completed call" for purposes of Section 276. Such an interpretation is the most consistent with the purposes of Section 276. A key purpose of that Section is to ensure that "[c]arriers and customers that benefit from the availability of a payphone [pay] for the service they receive when a payphone is used to place a call." House Report at 88. When a call is completed to the prepaid card platform, even if no further call is completed to the caller's ultimate destination, the 800 service provider benefits, because it collects a charge from the prepaid service provider for that call. Therefore, the purposes of the statute are best served by interpreting "completed call" to include calls completed to the prepaid service provider's platform, even if they go no further.

Moreover, even if "completed" were construed to mean "completed to the caller's ultimate destination," Section 276 does not prohibit the Commission from requiring payment for any incomplete calls. As with the issue of compensation for

²³ The cases cited by Intellicall and others arguing that the second call must be completed have to do with how the Commission determines the jurisdiction of a call, or how many CCL charges apply to various types of calls, not when a call is completed for purposes of CCL charges or other compensation. In this instance, jurisdiction is a moot issue because the Commission has jurisdiction regardless of whether a call is classified as intrastate or interstate. Moreover, the question addressed here is not whether there are one or two calls for purposes of compensation, but whether a call that is completed to a platform but not completed to the caller's ultimate destination can be "completed" for purposes of compensation.

international calls, discussed above, the fact that Section 276 affirmatively requires the Commission to ensure that PSPs are compensated for every "completed call" does not support the negative inference that the Commission is prohibited from allowing, even incidentally, compensation for incomplete calls. The canons of statutory construction in no way support the invention of such a statutory straitjacket, which would tie up the Commission and prevent it from constructing any workable compensation system.

Especially when compensation serves the purpose of the statute to ensure that 800 service carriers pay compensation when they benefit economically from the availability of payphones, it is entirely appropriate for the Commission to require payment of compensation on subscriber 800 calls terminating in prepaid service platforms or comparable destinations.²⁴

5. **Regardless of How the System Is Designed,
Administrative Expenses Ultimately Should be
Recovered from the Payers of Compensation**

As mentioned above, a number of carriers argue that the parties "benefiting" from payphone compensation, i.e., the PSPs, should be responsible for providing an itemized bill to carriers, including detail on the number of calls placed to that carrier from

²⁴ Some parties argue that it would be unfair to treat calls to prepaid card platforms as "completed" when they reach the platform, if calls using access codes such as 800-CALL-ATT are completed only when they reach the caller's ultimate destination. Calls using facilities-based carrier access codes such as 800-CALL-ATT are distinguishable because AT&T provides both the platform and the underlying 800 service. Thus, on such calls where the second call is not completed, it is reasonable to conclude that the carrier receives no economic benefit and need not pay compensation. On the other hand, the Commission also may decide that all 800 calls that reach carrier platforms should be compensable.

each of the PSP's payphones. These carriers allege that since ordinary commercial transactions between seller and buyer are handled this way, the compensation system should be handled the same way.

While APCC believes IXC's "benefit" from compensable payphone calls as much as do PSPs, APCC does not necessarily object to such an approach, provided that the corollary to the carriers' proposition also applies -- just as, in typical commercial transaction, the seller's billing and administrative expenses are factored into the ultimate price of the product, so the PSP's reasonable expenses should be added to the compensation amount prescribed by the Commission to arrive at the total price payable by the carrier.

In APCC's initial comments, we emphasized that our proposed compensation levels were net of administrative expenses. At a minimum, if PSPs are responsible for billing compensation, those expenses will include the cost of preparing and mailing bills, the cost of any call tracking information needed from the LEC, and the cost of any collection measures that PSPs must institute against recalcitrant carriers.

6. Any Potential for Fraudulent Generation of
Compensable Calls Can Be Effectively Addressed
by Strict Enforcement

A number of parties argue that there will be a major problem with PSPs who fraudulently inflate the number of compensable calls by using autodialers or other means to repeatedly dial 800 numbers without any bona fide calling purpose. These parties do not

show how this problem could amount to anything more than a minor irritant in the compensation scheme. First, the persistent use of autodialers to generate any significant illicit profit would undoubtedly be detectable. The number of calls that would have to be generated would make the payphones involved stand out because they would have unreasonably high volumes of short-duration 800 calls. The scenario envisioned by Sprint, in which a few additional calls are made at each of hundreds of payphones, is equally implausible. Installing autodialers in hundreds of payphones just to make a few calls at each would not be worth the expense. Similarly, sending employees around payphone routes on a similar mission would result in increased labor costs that would be likely to offset any undetected illicit gain.

In summary, while the Commission should not disregard the potential for fraud on the compensation system, the appropriate response is not to junk the system but to adopt strict rules against such fraud and to impose extremely harsh penalties on any violators. APCC agrees with MCI that strict punishment is required. Any person found to have generated compensable calls with intent to defraud the system should be required to refund all compensation payments -- licit and illicit -- and disqualified from receiving any compensation in the future. This requirement should be a condition of participation in the compensation system.

On the other hand, it is not necessary or appropriate to limit compensable calls to calls exceeding a given duration such as one minute, as Intellicall suggests. Such a limit would effectively exempt entities such as paging companies from being subject to

compensation on any of the calls used to page their subscribers from payphones, even though paging subscribers obviously benefit from such calls (and derive additional benefit from the ability to call back on a call which is "incoming" to the payphone and thus also uses the payphone for free). Subscriber 800 calls in general tend to be shorter duration than other long distance calls, and a 1-minute duration limit would have a dramatic effect on the number of compensable subscriber 800 calls. Finally, any duration limit would give rise to innumerable disputes over whether particular calls exceeded the limit.

In summary, the best way to deal with the potential for fraud on the compensation system is through strict rules, strictly enforced. If the Commission authorizes an industry self-enforcement program, funded by compensation revenue, as APCC has proposed, prevention of such fraud should be included among the authorized activities of an industry self-enforcement organization.

E. **Amount Of Compensation (§§ 35-38)**

1. **Market-Based Rates Are Appropriate**

Numerous carriers insist in their comments that compensation determinations must be based strictly on costs, narrowly defined. Carriers that propose a strictly cost-based rate confuse the payphone compensation issue with the ratemaking issues that traditionally have arisen in rate proceedings to set rates for monopoly services. However, PSPs are not monopolists.²⁵ Indeed, while PSPs are expressly required by law to allow access from their

²⁵ As pointed out in the study by Strategic Policy Research appended to
(Footnote continued)

payphones to all carriers by means of access codes, 47 U.S.C. § 226, carriers are under no express requirement to accept access from any payphone.

Under these circumstances, and in light of the acknowledged difficulties of addressing PSPs' costs, the Commission should adopt the proposals of APCC and the RBOC Coalition to base compensation on market-based surrogates such as those used by the Commission in its TOCSIA compensation rulemaking.²⁶

2. **If Rates Must Be Based on Costs, the Commission Should Consider Sample IPP Provider Costs, and Must Ensure that All Costs Are Recovered**

If the Commission does attempt to set a compensation rate based on PSP costs, it should prescribe compensation based on a sample of IPP costs, e.g., the cost information submitted by Peoples Telephone Company and Communications Central, Inc. Since these companies are publicly traded, their basic financial data is available for public inspection and must meet reasonable accounting standards. Further, both companies are involved almost exclusively in payphone activities subject to Section 276 compensation. Thus, no major cost allocation problems are presented in allocating costs between activities that are and are not subject to compensation under Section 276.

(Footnote continued)

BellSouth's comments, except in certain confined settings such as airports, payphone users are usually at liberty to find another payphone, and alternatives such as cellular phones are available and increasingly used by larger and larger portions of the public.

²⁶ APCC agrees with the RBOC Coalition that it is necessary to adjust the 0-transfer surrogate to take account of the fact that 0-transfer charges are collected on both completed and incomplete calls.

The sketchy Bell company cost information contained in the RBOC Coalition submission does not deserve great weight, since more credible and more detailed cost data has been submitted by two large IPP providers. The information submitted by the RBOC Coalition does not contain sufficient detail to determine whether it reflects a full assessment of all attributable costs, particularly since the Bell companies themselves are about to undergo a major restructuring of the manner in which their costs are treated. The data submitted does not appear to reflect imputation to Bell company payphone operations of all the various inputs that the payphone operations receive from the Bell companies' local exchange operations.²⁷

MCI's Hatfield study was thoroughly discredited by APCC and other parties when it was originally submitted last year in CC Docket No. 91-35. See NYNEX Reply Comments and Reply Comments of APCC, filed November 3, 1995. Little purpose would be served by repeating those rebuttals here.

Similarly, Sprint's proposals are even more frivolous, if possible, than its suggestions in CC Docket No. 91-35.

AT&T's repeated insistence that PSP compensation must be based on the costs of "the most efficient provider" is wholly inappropriate for review of costs incurred by companies such as IPP providers, who must compete fiercely with each other, as well as

²⁷ A more credible cost estimate is the 36 cents per call figure developed by the Illinois Commerce Commission based on Ameritech cost data including imputation of network inputs. See Illinois Public Telecommunications Association at 11.

with the LEC. It is unnecessary to investigate in detail which IPP costs would be incurred by an efficient provider. Since IPP providers compete with one another, and have no source of guaranteed subsidy (Committee Report), they should be assumed to be efficient providers.²⁸

AT&T's other attempts to justify excluding various categories of costs from consideration are equally artificial and fallacious.²⁹ Indeed, AT&T's comments in this area are not even coherent. While conceding that "[r]ecoverable costs should also include the monthly [subscriber line charge]," AT&T in the next paragraph states that "TSLRIC for payphones does not, however, include the costs of the basic payphone line itself,"

AT&T at 7. AT&T goes on to claim that:

If . . . the Commission were to include the monthly basic line charge in the PSP compensation process, it must disallow the assessment of any access charges on IXC's for use of payphone lines, because failure to do so would impose a double payment obligation on IXC's.

²⁸ AT&T states that "[o]n a forward looking basis, all PSPs may be able to purchase less expensive or "dumb" payphone equipment to the extent that the LECs are required to make available central office functionality on an unbundled basis." AT&T at 7, n. 12. However, it is pure speculation at this point as to the amount, if any, that IPP providers could save by substituting "dumb" for "smart" payphones because it is not known how much more the LEC will charge for unbundled coin functionality (assuming the Commission requires it to be available) than for ordinary "COCOT" lines. In the past, of course, "pseudo-unbundled" coin lines (unbundled from LEC payphones, but not from LEC-selected rate tables) have been offered in a few places but have not been popular because they were expensive and were not fully unbundled.

²⁹ Even if such costs could be reasonably isolated from other costs, it would not be appropriate to look at such costs in isolation. The Commission's Section 276 responsibility is not limited to calls that are currently uncompensated, but encompasses "each and every completed intrastate and interstate call" (except emergency and TRS calls).

AT&T at 8. AT&T's reasoning is absurd. To the extent that LECs' payphone line costs are still being recovered from CCL charges assessed on IXCs, those costs should not be included in subscriber line charges or other line charges to PSPs, and thus will not be included in PSP compensation. However, the mere fact that IXCs continue to pay CCL charges to LECs (from which payphone costs are to be excluded under Section 276) cannot excuse IXCs from also paying compensation to PSPs, including appropriate compensation for a fair share of the costs of connecting payphones to the network.³⁰ It clearly is necessary (if compensation levels are set based on costs) to consider all line charges paid for by the PSPs.

Commissions to location providers also must be included, contrary to AT&T's claim. 8-9. Commissions are payments for allowing the placement of a payphone. In the absence of a commission, the payphone would not be available for any calling purpose, whether to make coin or coinless calls. AT&T's argument that commissions should not count because the location owner can get a commission from the OSP is also fallacious. IPP providers typically pay the entire amount of the commission received by their location providers, and must recover this commission payment along with its other costs. Furthermore, while OSPs do pay commissions directly to location providers for LEC payphones, the OSP commission is only part of what is paid to the location provider. The

³⁰ Of course, such recoverable network connection costs are not limited to the federal EUCL, but also would include appropriate recovery of all charges assessed on PSPs by the LEC at the state level. The fact that the charges are jurisdictionally split is immaterial for purposes of Section 276, because Section 276 requires compensation for intrastate as well as interstate.

remaining portion of the commission is paid by the LEC. Thus, AT&T provides no persuasive reason to treat IPP commission payments differently from other costs.

The arguments of several parties that compensation must be based on the "marginal cost" of the compensated call are fallacious for the reasons discussed in APCC's initial comments. Thus, AT&T's proposal to consider the hypothetical costs of "owning and maintaining payphone equipment used solely for the purpose of completing calls" is simply irrelevant to the task at hand, as well as inconsistent with AT&T's own professed reliance on "total service long-run incremental costs" ("TSLRIC")(emphasis added). AT&T at 10. According to AT&T, if a payphone "permits customers to obtain other services that are available only from the PSP or its presubscribed carrier," i.e., allows the caller to make coin calls or 0+ calls, such costs should be excluded." *Id.* at 10, n. 20. This artificial construct should be rejected out of hand since such payphones do not exist in the real marketplace. In the real marketplace, payphones typically are expected to be usable for any type of call, and it is the Commission's responsibility under Section 276 to ensure that the payphone can earn fair compensation on all calls. Thus, whether or not the Commission prescribes a specific compensation rate for local coin or 0+ calls, prescription of a compensation rate for dial-around calls requires the Commission to ensure that the cost recovery shortfall resulting from a local that are not met by local coin and 0+ rates are made up on compensation for coinless calls. Conway.

If any marginal cost analysis is applicable, it would be the approach discussed in Strategic Policy Research's study appended to BellSouth's comments. As SPR explains, the

relevant marginal cost is the cost of installing and operating an additional payphone. To the extent that the Commission relies on marginal cost analysis, it must ensure that rates for "each and every . . . call" are sufficient so that the total revenues to be obtained from all calls made at such a payphone (which because it is "marginal," will have below-average calling volumes), will be adequate to recover the total marginal costs of installing and operating the payphone.

F. Interim Compensation (§§ 39-40)

The parties opposing interim compensation for IPP providers do not present any persuasive arguments why IPP providers should not receive their long-overdue compensation for subscriber 800 calls and other currently uncompensated calls, pending the implementation of a compensation scheme applicable to all PSPs.

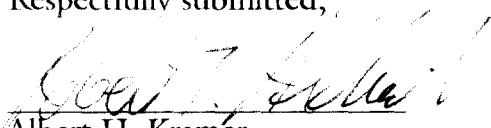
The RBOC Coalition's comments on this issue (from which BellSouth commendably dissents) are particularly disingenuous. On the one hand, these Bell companies request that implementation of per-call compensation be delayed for one year, and that in the interim, their payphone operations be allowed to continue to receive subsidies from access charges and other local exchange revenues. On the other hand, the same Bell Companies deny that IPP providers should have any right to receive compensation in the interim for their payphones, which never have received any subsidy. See House Report at 88.

II. **OTHER ISSUES**

Regarding the reclassification of LEC payphones, and nonstructural safeguards (§§ 41-66), selection of interLATA carriers serving Bell Company payphones (§§ 67-73), public interest payphones (§§ 76-82), and enforcement of payphone regulations, APCC adopts the views set forth in the reply comments of the Georgia Public Communications Association.

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ATTACHMENT I

PROPOSED REGULATIONS

Proposed Rule

SUBPART ____

PAYPHONE SERVICE PROVIDERS

Section ____.

- (a) This subpart is adopted pursuant to the authority granted under Section 276 of the Act and other applicable provisions of the Act, including Section 3(r) and Section 226.
- (b) Section 276 contemplates the separation of telephone company payphone activities from other telephone company activities. As used herein, the term "local exchange carrier" (LEC) refers to that operating portion of a telephone company that provides local exchange service (exclusive of operator services) and exchange access, as distinct from intraLATA toll service and/or payphone service, unless the context indicates otherwise. References to a carrier may include the LEC and/or that operating part of a telephone company that provides intraLATA toll service.

Section ____ **Maximum Charge for Local Calls**

Any payphone service provider (PSP) may charge up to \$.40 for the initial increment of a local coin call including directory assistance calls, except that no advance coin deposit may be required for 911 (or equivalent) or TRS calls [, provided however, if a

state authority has obtained a waiver of this section, the PSP's charge for the initial increment of a local coin call shall comply with the charge set by the state authority].

Section _____. **Payphone Service Provider Compensation**

(a)(1) The PSP from whose payphone an interstate or intrastate completed call is originated that is billed to other than the originating line shall be eligible for compensation from the carrier to which the call is routed provided however, that in the case of a call placed by dialing "0" where the operator receiving the call sends the call to another carrier for carriage and billing, the carrier to whom the call is routed for carriage and billing shall be liable for the compensation.

(2) The amount of such compensation shall be \$.40 per call.

(3) A call is completed for purposes of this section if (i) it is completed to any station or termination point interconnected, directly or indirectly, to a network other than the local service network of the originating LEC; and (ii) the carrier to whose network it is so completed bills for any portion of the call.

Note: Any call completed after a reorigination signal, such as "# redial," shall be treated as an additional call.

(b)(1) In the case of a PSP, each local exchange carrier (LEC) shall provide on a suitable medium to each PSP so requesting a call detail of the calls

eligible for compensation pursuant to subsection (a) that originated from each payphone for which a call detail is requested by the PSP subscribed to the line for that payphone.

- (2) In the case of a carrier, each LEC shall provide on a suitable medium to each carrier so requesting a call detail of the calls to that carrier eligible for compensation pursuant to subsection (a) that originated from each payphone for which a call detail is requested by that carrier.
- (3)
 - (i) The LEC may render a reasonable nondiscriminatory charge to a PSP for rendering such call detail, provided however, any discount to the payphone division or affiliate of the LEC shall be available to an aggregation of non-LEC PSPs subscribed to a number of payphones lines equal to one-third the number of non-LEC PSP lines to which the LEC provides services; and
 - (ii) the LEC may render a reasonable nondiscriminatory charge to each carrier for rendering such call detail.
- (c) Each carrier paying compensation to a PSP shall provide the PSP with a statement showing for each payphone the number of calls for which that carrier is paying compensation to the PSP.
- (d) A carrier required to pay PSP compensation may track on its own the calls for which it must pay compensation or may purchase the requisite

call detail from a LEC serving the payphone, or any combination thereof.

(e) Each carrier performing its own tracking of calls for which it is liable to pay compensation to a PSP shall

(1) Provide a call detail for each payphone for which the PSP who is compensated for that payphone seeks such detail, for which the carrier may impose a reasonable charge.

(2) Retain annually during the first thirty months after the date on which this rule becomes effective an independent auditor to conduct for the first two complete years following the effective date of this rule a verification of the carrier's call tracking mechanism. The verification shall, in addition to other verification techniques, include a reasonable number of test calls from the field, and the audit and its results shall be available to the Commission and available for public inspection.

(f) Carriers and PSPs shall be responsible for establishing their own billing and payment arrangements in accordance with the following guidelines:

(1) Each LEC shall provide to each carrier a list of payphone ANI's within 30 days of the end of each quarter, and each carrier shall use this list as the basis for paying compensation

- (2) In the case of a disputed ANI, the LEC serving that ANI shall, upon request of the PSP involved, provide a verification, affirmative or negative, of whether the ANI was in service as a payphone line for the PSP during the period in question. The LEC's service time for returning verifications shall be nondiscriminatory as between a LEC payphone division or affiliate and non-LEC PSPs, but in any event, shall not exceed 30 days.
- (3) Once a disputed ANI is verified as having been in service as a payphone or a PSP otherwise provides alternative reasonable verification that the ANI was in service as a payphone line, the compensating carrier must compensate for calls from that payphone ANI until such time as the LEC provides information that the payphone has been disconnected. If a LEC fails to provide either positive or negative verification of a claimed ANI from a PSP, the carrier is required to pay compensation on that ANI. If a LEC fails to accurately identify a non-LEC PSP ANI, and the non-LEC PSP provider proves that the ANI is valid, the LEC may be ordered by the Commission to match each carrier's compensation payment for that ANI for the relevant period.
- (4) The limitation period for filing an action under Section 206-Section 208 of the Act shall not begin to run until the LEC has provided

positive or negative verification with respect to any ANI and the carrier has issued a final and unequivocal denial of the PSP claim.

- (5) The LECs shall retain data adequate to verify disputed ANIs for a period of at least twenty-four months following the close of each quarter.
- (6) All claims submitted by PSPs within twelve months of the close of a quarter during which the compensation first became due shall be paid by carriers.
- (7) PSPs may submit compensation claims for partial quarters for ANIs not appearing on a LEC ANI list but shall have the burden of demonstrating that the payphone was in service through the date for which compensation is sought. PSPs proceeding under this subsection may follow the procedure in paragraph (9) below.
- (8) Any carrier failing to pay a compensation claim in a timely manner shall be liable for interest and an additional amount of 10% of the amount due, proportionately assessed, for each quarter or portion thereof any amount is unpaid more than 30 days after a bill therefor is rendered and received.

- (9) A PSP that seeks compensation for payphones that are not included on a LEC payphone ANI list satisfies its obligation to provide alternative reasonable verification to a carrier if it provides to that carrier:
 - (i) a notarized affidavit, signed by the president of the company, attesting that each of the payphones for which the PSP seeks compensation was in working order through the date for which compensation is sought; and
 - (ii) corroborating evidence that each such payphone is owned by the PSP seeking compensation and was in working order through the date for which compensation is sought. Corroborating evidence is provided by a telephone bill for the last month of the billing quarter or the period for which compensation is sought indicating use of a line screening service or that the line is a payphone line.
- (10) To facilitate the billing and payment arrangements, each LEC shall adopt a reasonable procedure to indicate on the bill for a payphone line that it is a payphone line and/or the line is subscribed to services associated with a payphone line.
- (g) Each carrier paying any compensation under this Section shall file with the Commission, within 120 days following the first and second anniversary of the effective date of this Section, a report stating the total

amount of compensation paid to PSPs for intrastate, interstate and international calls; the number of compensable calls received by the carrier; and the number of payees during the preceding year.

Section _____. **Interim Compensation for Non-LEC PSPs**

- (a) During the period between June 6, 1996 and the effective date of the final rules adopted in CC Dkt No. 96-98, a non-LEC PSP (i.e., a PSP that is not either a LEC, an operating unit of a LEC, or an affiliate of a LEC) from whose payphone interstate or intrastate completed calls are originated that are billed to other than the originating line shall be eligible for compensation as follows:
 - (i) Each non-LEC PSP shall be eligible for \$40 per month compensation for originating "toll-free" service code calls that are not access code calls to be paid by carriers with toll revenues in excess of \$100 million, each carrier to pay a share of the \$40 proportionate to its share of the total toll revenues of carriers with toll revenues above \$100 million.
 - (ii) Each non-LEC PSP shall be eligible for \$16.00 per month compensation for originating calls other than "toll free" service code calls that are billed to line numbers other than the originating line, said \$16.00 to be paid by the carriers set forth

below in accordance with the proportionate share of such calls in the table set forth below except that in lieu of paying its proportionate share: (A) AT&T and Sprint shall continue to pay per call compensation but at a rate of \$.40 per completed call; and (b) MCI may pay (i) on a per call basis at \$.40 per call; or (ii) its proportionate share.

Carrier:	Proportionate share
AT&T	51.7%
MCI	33.9%
SPRINT	8.5%
LDDS WORLD COM	1.7%
FRONTIER/ALINET	0.6%
EXCEL	2.0%
LCI	1.7%
	100.1%

Section _____. **Selection of InterLATA Carriers Serving Bell Company Payphones**

- (a) A Bell Operating Company (BOC) may not enter into negotiations with location providers for the right to choose the presubscribed OSP for interLATA calls unless the payphones for which it does so are provided through a subsidiary meeting the requirements of Section 64.702 and the rulings thereunder.
- (b) A BOC acting either directly or indirectly through a payphone division or affiliate may negotiate with a location provider for the right to choose the interLATA OSP only if: (i) any contract entered into with

an OSP, whether part of the same or a separate operating unit as the operating unit of the BOC payphones or whether BOC-affiliated or not, provides that the commission rate paid for the presubscribed traffic and other terms and conditions of the contract with the OSP shall be available to any aggregation of non-BOC PSPs subscribed to one-third the number of non-BOC PSP lines served by that BOC in the area in which the payphones for which the BOC has contracted are located; or

(ii) the BOC limits the number of its payphones presubscribed to any OSP to a number equal to one-third the number of non-BOC PSP lines in the area in which the payphones for which the BOC has contracted are located.

Note: While the rule is written in terms of aggregations equal to one-third the number of non-BOC PSP lines, if other criteria are specified in the BOC's contract with the OSP, (e.g., volume of traffic) the other criteria may be substituted for the number of lines to the extent it is possible to ascertain with publicly available and/or verifiable information whether the criteria is met. For example, the BOC contract with the OSP may specify a certain volume of interLATA minutes of traffic to reach a certain commission level. An aggregation of non-BOC PSPs providing a volume of interLATA minutes equal to one-third the total volume of minutes of the non-BOC PSPs in the relevant area would then be the criteria that must be met by the non-BOC PSP aggregation, but only if the total volume of interLATA minutes can be accurately ascertained from objectively verifiable sources. Because it may not be possible to ascertain the information necessary for such verification, the one-third of non-BOC PSP lines is provided as a default criteria for the aggregation level necessary to reach the most favorable commission rate available to the BOC payphones from the OSP.